4 Top Canadian Dividend Stocks to Buy in May

Description

The Canadian equity markets have opened weak today, amid reports of Canada's trade balance shifting to a deficit in March after reporting a trade surplus in the previous two months. Its trade deficit came in at $1.1 billion against analysts' expectation of $700 million of trade surplus. Amid the rising volatility and low-interest environment, investors could buy high-quality dividend stocks to earn stable passive income and stabilize their portfolios. Meanwhile, here are four Canadian dividend stocks that are financially stable and pays dividends at healthier yields.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) operates a highly regulated business, with around 95% of its adjusted EBITDA generated from regulated assets or long-term contracts, providing stability to its earnings and cash flows. These steady cash flows have allowed the company to raise its dividends for 26 straight years at a CAGR of 10%. For 2021, the company has declared dividends of $3.34 per share, representing a forward dividend yield of 7%.

The lifting of restrictions amid the widespread vaccination could boost economic activities, driving oil demand. Higher oil demand could increase Enbridge's asset utilization rate, driving its financials. Further, the company is also progressing with its $16 billion secured growth projects, which could deliver a DCF per share growth of 5-7% through 2023. With its liquidity of $13 billion at the end of last year, its financial position also looks healthy. So, I believe Enbridge would be an excellent buy for income-seeking investors.

NorthWest Healthcare Properties REIT

Second on my list is **NorthWest Healthcare Properties REIT** (TSX:NWH.UN), which acquires and manages healthcare properties. It has signed long-term agreements with its clients, with the average lease expiry standing at 14.5 years. Further, given its highly diversified and defensive portfolio, the company enjoys a higher occupancy and collection rate, delivering stable and predictable cash flows.

Meanwhile, around 80% of NorthWest Healthcare's tenants receive government funding, which is encouraging. The company had also strengthened its financial position by raising around $220 million in February. So, given its strong financial position and stable cash flows, I believe the company's dividends are safe. It pays monthly dividends, with its forward dividend yield currently standing at 6.1%.

BCE

BCE (TSX:BCE)(NYSE:BCE), which had reported an impressive first-quarter performance last week, is my third pick. Despite the pandemic, the company's top line and adjusted EBITDA grew by 1.2% and 0.5%, respectively. It also generated $940 million of free cash flow during the quarter. At the close of the quarter, the company's financial position looked healthy, with a liquidity of $6.5 billion.

Meanwhile, the company has made a capital investment of $1 billion in the first quarter, which could help in expanding its fiber and WHI connections to 6.9 million by the end of this year. These new connections and improvement in economic activities could boost its financials and stock price in the coming quarters. Besides, the company also pays quarterly dividends, with its dividend yield standing at 5.8%.

Canadian Utilities

My final pick would be **Canadian Utilities** (TSX:CU), which has raised its dividends for 49 consecutive years. Its low-risk regulated utility assets deliver stable and predictable cash flows, allowing the company to increase its dividends consistently. Meanwhile, the company currently pays quarterly dividends of $0.4398 per share, representing a healthy forward dividend yield of 5%.

Last week, the company had reported solid first-quarter performance, with its adjusted EPS growing 6% year-over-year. The growth in its asset base and cost efficiencies drove its earnings. The company had made a capital investment of $230 million during the quarter, with 96% of its investments in regulated utilities. Further, the company will be investing around $3 billion over the next three years in regulated utility assets and secured growth energy infrastructure projects, boosting its financials. So, the company is well-positioned to continue raising its dividends in the coming years.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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